

Message Text

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PAGE 01 LISBON 00209 141928Z

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ACTION EUR-12

INFO OCT-01 AF-06 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC IMMEDIATE 1431

INFO AMEMBASSY MADRID

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION NATO

AMCONSUL LOURENCO MARQUES

AMCONSUL LUANDA

AMCONSUL OPORTO

AMCONSUL PONTA DELGADA

C O N F I D E N T I A L LISBON 209

E.O. 11652: GDS

TAGS: PGOV, PINS, PINT, PO, RLAB

SUBJ: LABOR LAW LEADS TO MINI-CRISIS IN GOVERNMENT

REF: LISBON 189; 137; 104

SUMMARY: ADOPTION OF PROPOSED LABOR LAW NOW APPEARS CERTAIN. SOCIALIST AND POPULAR DEMOCRATIC THREAT TO BOLT COALITION GOVERNMENT HAS APPARENTLY ALARMED AFM LEADERSHIP TO POINT WHERE IT FELT NEED TO DEFUSE EMOTIONAL ATMOSPHERE THAT HAD BUILT UP AROUND LABOR LAW. QUID FOR SOCIALISTS AND POPULAR DEMOCRATS TO REMAIN IN COALITION WILL APPARENTLY BE GOP ADOPTION OF ECONOMIC PLAN THEY FAVOR. HOWEVER, COMMUNISTS APPEAR TO HAVE WON THIS ROUND, AT LEAST ON PAPER, WITH ADOPTION OF UNITARY LABOR LAW. END SUMMARY

1. ADOPTION OF THE PROPOSED UNITARY LABOR LAW (REFTELS) BY GOP

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PAGE 02 LISBON 00209 141928Z

NOW APPEARS TO BE A FAIT ACCOMPLI. AS THIS FACT BECAME CLEAR

TO ALL POLITICAL CURRENTS DURING JANUARY 14, IT LED TO AN EVOLVING MINI-CRISIS WITHIN THE GOVERNMENT. THE GENERAL NERVOUSNESS FELT IN POLITICAL CIRCLES WAS INCREASED DURING THE DAY BY THE COMMUNIST-SPONSORED MASS RALLY SCHEDULED FOR THE EVENING OF JANUARY 14. SOME OBSERVERS VIEWED THE RALLY AS A SIGNAL FOR A FULL-FLEDGED COUP ATTEMPT, BUT THIS APPEARS UNLIKELY.

2. THE CONFRONTATION WITHIN THE GOVERNMENT WAS SPARKED BY THE THREAT OF THE SOCIALISTS (PS) AND THE POPULAR DEMOCRATS (PPD) TO LEAVE THE GOVERNING COALITION. THIS THREAT ALARMED THE LEADERSHIP OF THE ARMED FORCES MOVEMENT (AFM) SINCE, IF CARRIED OUT, IT WOULD LEAVE THE COMMUNIST PARTY ALONE WITH THE AFM WITHIN THE GOVERNMENT.

3. THE AFM LEADERSHIP FELT IT HAD TO TAKE ACTION TO LOWER THE POLITICAL TEMPERATURE AND DEFUSE THE EMOTIONALLY-CHARGED ATMOSPHERE. WE UNDERSTAND THIS WILL BE DONE IN TWO WAYS: (A) THE COUNCIL OF MINISTERS MEETING SCHEDULED FOR JANUARY 17 HAS BEEN ADVANCED AND WILL TAKE PLACE ON THE 16TH OR SOONER TO APPROVE THE UNITARY LABOR LAW AND CURTAIL POLITICAL MANEUVERING; (B) AT THE SAME TIME THE COUNCIL WILL ALSO APPROVE THE GOP'S NEW ECONOMIC PLAN, WHICH IS FAVORED BY THE MODERATES WITHIN THE SOCIALIST AND POPULAR DEMOCRATIC CAMP.

4. THE AFM LEADERSHIP EXPECTS THIS TRADE-OFF TO HOLD THE GOVERNMENT COALITION TOGETHER AND PRESERVE A FACADE OF UNITY.

5. IN ADDITION TO PCP-DOMINATED RALLY SCHEDULED FOR EVENING JANUARY 14, THERE IS TO BE A RIVAL MASS MEETING INDOORS AT SPORTS PAVILLION UNDER THE AUSPICES OF THE EXTREMIST MAOISTS OF MRPP AND RADICAL SOCIALISTS OF LUAR. THE POSSIBILITY OF CLASHES BETWEEN THE RIVAL LEFT-WING GROUPS CANNOT BE EXCLUDED. OUR POLICE SOURCES INFORM US, HOWEVER, THAT THEY ARE ON NORMAL "LAW AND ORDER" STATUS, AND THAT EXTRAORDINARY MEASURES HAVE NOT BEEN TAKEN.

6. COMMENT: COUNTRY TEAM BELIEVES THAT GOP WILL WEATHER THIS MINI-CRISIS AND THAT COUP TALK IS EXAGGERATED. COMMUNISTS APPEAR TO HAVE WON THIS ROUND, AT LEAST ON PAPER--EVEN
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PAGE 03 LISBON 00209 141928Z

ASSUMING THAT THE AFM TRADE-OFF KEEPS THE COALITION IN HARNESS.
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